

CASE

NUMBER:

99-131

IN THE MATTER OF THE PROPOSED ADJUSTMENT OF THE WHOLESALE
WATER SERVICE RATES OF THE CITY OF WARSAW, KENTUCKY

SEQ NBR	ENTRY DATE	REMARKS
M0001	04/05/1999	STEPHEN HUDDLESTON / GALLATIN COUNTY-INTERVENE AS A PARTY, FOR FULL INTERVENTION
0001	04/15/1999	Order suspending rates to 9/30/99; info due 5/17
M0002	05/10/1999	STEPHEN HUDDLESTON / GALLATIN-LETTER TO CITY OF WARSAW REQUESTING COPIES
M0003	05/17/1999	E. R. WOOD CITY OF WARSAW-REQ FOR EXTENSION OF TIME
0002	05/20/1999	Order granting ext. of time until 5/28/99 to respond to 4/15/99 Order.
M0004	05/24/1999	CITY OF WARSAW RICHARD WOOD-REQUEST FOR HELP TO FILE ANSWER IN CASE
M0005	06/14/1999	Stephen P. Huddlesworth-Copy of letter & resolution (Gallatin Water District).
0003	06/16/1999	Order scheduling an IC on 6/23/99 at 10:00 in Conference Room 1.
0004	08/06/1999	Order setting forth procedural schedule to be followed in this case.
M0006	08/27/1999	JOHN WRIGHT CITY OF WARSAW-MOTION FOR EXTENSION OF TIME
0005	09/03/1999	Order revising procedural schedule
0006	10/13/1999	Order directing Warsaw to show cause in writing by 10/22.
M0007	10/20/1999	JOHN WRIGHT/WARSAW CITY ATTORNEY-RESPONSE TO 10/13/99 ORDER AND MOTION FOR CONTINUANCE
0007	11/08/1999	Order entered; Settlement Agreement due 11/29 or dismissed without further order
M0008	12/06/1999	JOHN WRIGHT CITY OF WARSAW-AGREED ORDER
0008	01/20/2000	FINAL ORDER APPROVING AGREEMENT; APPROVES RATES & CONDITIONS OF SERVICE
0009	01/28/2000	Nunc Pro Tunc Order

Can't
find
file,

Active

1999-131

VII-I-254

Box 31



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-131
CITY OF WARSAW

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on January 28, 2000.

See attached parties of record.

Stephanie Bell

Secretary of the Commission

SB/hv
Enclosure

Barbara Baker
Clerk/Treasurer
City of Warsaw
101 West Market Street
P. O. Box 785
Warsaw, KY. 41095 0785

Glenn Martin
Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY. 41095

Honorable Stephen P. Huddleston
Attorney for Gallatin County W.D.
Huddleston & Huddleston
309 West Main Street
P.O. Box 807
Warsaw, KY. 41095

Honorable John G. Wright
Attorney for City of Warsaw
100 E. Market St.
P.O. Box 966
Warsaw, KY. 41095

INDEX FOR CASE: 1999-131
CITY OF WARSAW
Rates - General
WHOLESALE WATER SERVICE RATES

IN THE MATTER OF THE PROPOSED ADJUSTMENT OF THE WHOLESALE
WATER SERVICE RATES OF THE CITY OF WARSAW, KENTUCKY

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0008	01/20/2000	FINAL ORDER APPROVING AGREEMENT; APPROVES RATES & CONDITIONS OF SERVICE



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

CERTIFICATE OF SERVICE

RE: Case No. 1999-131
CITY OF WARSAW

I, Stephanie Bell, Secretary of the Public Service Commission, hereby certify that the enclosed attested copy of the Commission's Order in the above case was served upon the following by U.S. Mail on January 20, 2000.

See attached parties of record.

Stephanie J. Bell
Secretary of the Commission

SB/sa
Enclosure

Barbara Baker
Clerk/Treasurer
City of Warsaw
101 West Market Street
P. O. Box 785
Warsaw, KY. 41095 0785

Glenn Martin
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Gallatin County Water District
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P.O. Box 807
Warsaw, KY. 41095

Honorable John G. Wright
Attorney for City of Warsaw
100 E. Market St.
P.O. Box 966
Warsaw, KY. 41095

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 99-131
WARSAW, KENTUCKY)

ORDER

The City of Warsaw, Kentucky ("Warsaw") and Gallatin County Water District ("Gallatin District") have agreed upon a rate which Warsaw will charge for wholesale water service and submitted this Agreement to the Commission. This action follows Warsaw's application for an adjustment of its current wholesale rate, Gallatin District's objection to the proposed adjustment, and the initiation of this proceeding to investigate the proposed adjustment. Warsaw originally proposed a wholesale rate of \$1.50 per 1,000 gallons of water. The parties agreed to a wholesale rate of \$1.50 per 1,000 gallons of water.

Having considered the Agreement and being otherwise sufficiently advised, the Commission finds that the agreed rate should be approved. The purpose of the Commission's jurisdiction over a municipal utility's wholesale transactions with a public utility is to ensure that any public utility "consumer/customer that has contracted and become dependent for its supply of water from a city utility is not subject to either excessive rates or inadequate service." Simpson County Water District v. City of Franklin, Ky., 872 S.W.2d 460, 465 (1994).

In the case at bar, this purpose has been served. The public utility that purchases water from Warsaw made clear its objections to the proposed rate adjustment. Warsaw has apparently addressed Gallatin District's concerns and the parties have reached

agreement on the appropriate rates for service for future years and the maximum quantity of water that Gallatin District may purchase from Warsaw on a monthly basis.

As the Agreement on its face appears neither unreasonable nor unconscionable, the Commission sees no need to conduct further proceedings in this matter.

IT IS THEREFORE ORDERED that:

1. The Agreement, a copy of which is appended hereto, is approved.
2. The rate and conditions of service for wholesale water service set forth in the Agreement are approved for service rendered by Warsaw to Gallatin District on and after the date of this Order.
3. Warsaw shall, within 30 days of the date of this Order, file tariff sheets that reflect the rate and conditions of service approved herein.

Done at Frankfort, Kentucky, this 20th day of January, 2000.

By the Commission

ATTEST:


Executive Director

APPENDIX A

AN APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-131 DATED JANUARY 20, 2000

AMENDMENT TO WATER PURCHASE AGREEMENT

This Amendment of the Water Purchase Contract by and between the parties hereto dated July 28, 1986, entered into on the day and year set forth hereinbelow, by and between the City of Warsaw, Kentucky, Seller, party of the first part, and the Gallatin County Water District, Buyer, party of the second part.

WITNESSETH: That for and in consideration of the agreements, promises and undertakings herein contained, the parties agree as follows:

1. Section A(1) of the Water Purchase Contract dated July 28, 1986, by and between these parties shall be amended to provide that the maximum allowable quantity of water purchased from Seller by Buyer per month shall be twelve million (12,000,000) gallons.
2. Section C(1) of the subject contract shall be amended to provide that the term of the contract shall extend for a term expiring January 1, 2045.
3. For and during the period commencing herewith and expiring January 1, 2002, the rate charged to Buyer shall be One Dollar and five cents (\$1.05) per thousand gallons purchased and Buyer shall purchase from Seller, per month, a minimum of five million (5,000,000) gallons. From and after January 1, 2002, the forgoing rate and purchase requirement provisions shall be subject to review, adjustment and revision in accordance with agreement of the parties, or orders of a court or regulatory agency of competent jurisdiction, as the case may be. In the absence of adjustment or revision of the foregoing terms as aforesaid, the same shall continue in full force and effect.
4. In all other respects not inconsistent herewith, the terms and provisions of said Water Purchase Contract dated July 28, 1986 shall remain in full force and effect.

In Witness Whereof, the parties hereto, acting through their duly authorized offices and undue authority of their respective governing bodies, have caused this agreement to be executed this 8 day of November, 1999.

SELLER:

City of Warsaw, Ky.

By: E. R. Wood

E. R. Wood

Title: Mayor

ATTEST:

Debra Baker
City Clerk

BUYER:

Gallatin County Water District

By: Denny French

Denny French

Title: Chairman

ATTEST:

Bee L. Burch
Secretary

JOHN G. WRIGHT

ATTORNEY AT LAW

December 2, 1999

RECEIVED
DEC 06 1999
PUBLIC SERVICE
COMMISSION

Public Service Commission
730 Schenkel Lane
P.O. Box 615
Frankfort, Kentucky 40602

Greetings,

Please find enclosed an Agreed Order signed by the attorneys for the parties, the City of Warsaw and the Gallatin Water District. Also enclosed are the resolutions of the City and the Water District as well as the Amendment to the Water Purchase Agreement.

This should conclude all matters pending before the Public Service Commission in case number 99-131.

If you have any questions please call. Mr. Huddleston, for the Water District, can be reached at (606)567-2818.

Sincerely,

John G. Wright jlb
John G. Wright

JGW

CC: Mayor E. Richard Wood
Hon. Steve Huddleston

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

RECEIVED
DEC 06 1999
PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 99-131
WARSAW, KENTUCKY)

AGREED ORDER

The Parties having fully discussed the pending rate case, with the assistance of qualified experts, and both parties having passed resolution to sign an amendment to their existing water purchase agreement, with a copy of the amendment and resolutions attached hereto and incorporated herein,

IT IS HEREBY AGREED that;

1) The rate charged by seller (City of Warsaw, Kentucky) and paid by buyer (Gallatin Water District) shall be \$1.05 per thousand gallons of water provided.

2) That Seller reduces its rate request to that amount.

3) That Buyer withdraws the objection previously filed to the rate requests sought by Seller.

4) That Public Service Commission hereby approves the agreed to rate of \$1.05 per thousand gallons of water sold.

Signed this ___ day of November, 1999.

PUBLIC SERVICE COMMISSION

Have seen and agreed:

John D. Wright
Attorney for City of Warsaw

Steph D. Haddock
Attorney for Gallatin Water District

RESOLUTION

BE IT RESOLVED BY THE CITY COUNCIL OF WARSAW, KENTUCKY, AS FOLLOWS:

WHEREAS, the Gallatin County Water District and the City of Warsaw have agreed in principal to certain revisions of the parties Water Supply Agreement relative to rates, maximum and minimum purchase quantities, review and adjustment time and length of the term of said contract, and

WHEREAS, it appears that adoption of such agreement would be mutually beneficial to the citizens of the City of Warsaw and County of Gallatin,

NOW THEREFORE, the Honorable E. R. Wood, Mayor, is hereby authorized and directed to sign in behalf of the City of Warsaw, and Amendment to the existing Water Purchase Contract with The Gallatin County Water District dated July 28, 1986, which amendment shall contain the following provisions:

(a) the rate charged to the Gallatin County Water District for water purchased shall be One Dollar and five cents (\$1.05) per thousand gallons.

(b) the Gallatin County Water District shall have the right to purchase up to twelve million (12,000,000) gallons of water per month, and shall purchase not less that five million (5,000,000) gallons per month.

(c) the above provisions shall remain in effect, unless modified by mutual agreement by and between the parties, until December 31, 2001, after which date the matters addressed therein shall be subject to review, revision and adjustment.

(d) the term of the abovesaid underlying Water Purchase Agreement shall expire January 1, 2045.

Adopted this 8 day of November, 1999.



Mayor

This is to attest that the foregoing is a true and correct copy of the Resolution adopted by the Warsaw City Council on Nov 8, 1999.



City Clerk

RESOLUTION

GALLATIN COUNTY WATER DISTRICT

A motion to adopt the following resolution was made by Commissioner

J. T. DOSSETT

and seconded by Commissioner

JUANITA ETHRIDGE

Be it resolved by the Commissioners of the Gallatin County Water District, as follows:

Whereas, the District has need of a supply of additional treated water to operate the anticipated expansion of its water supply distribution system and customer base and

Whereas, the City of Warsaw owns and operates a water supply distribution system with a capacity currently capable of serving the City's present and future customers and the estimated number of water users to be served by the District, now and as expanded, and

Whereas, it is advisable that the term of the existing water supply contract be extended an additional 45 years in order to secure financing of anticipated expansion, and to increase permissible purchase limits to 12,000,000 gallons per month, and

Whereas, the City of Warsaw, part and parcel to the agreed settlement of its rate increase case now pending with the Public Service Commission has agreed to accept the above amendments to the parties existing Water Service Agreement, and has proposed that, subject to review in two years, to accept a rate increase of 5 cents (\$.05) per thousand gallons, upon the Districts agreement to purchase not less than 5,000,000 gallons per month, and the Commissioners deem it in the best interest of the District and its users that said proposition be accepted,

NOW THEREFORE, BE IT RESOLVED that Chairman DENNY FRENCH

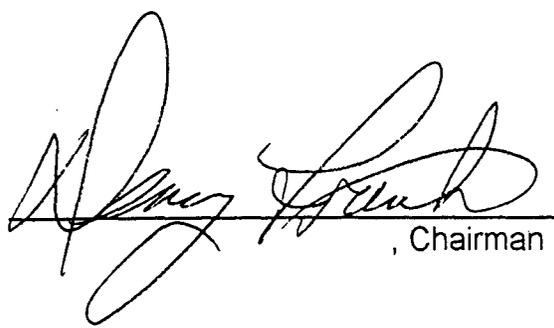
is authorized and directed to execute the attached Amendment to the Water Purchase Contract dated July 28, 1986 on behalf of the District in order to effectuate the above premises.

The vote on the forgoing resolution was as follows:

<u>Yeas</u>	<u>Nays</u>
<u>J.T. DOSSETT</u>	_____
<u>JUDITHA Etheridge</u>	_____
<u>Lee BURGETT</u>	_____
<u>Denny FRENCH</u>	_____
_____	_____

Whereupon, the Chairman declared the resolution duly passed and adopted by the Board of Commissioners.

Dated: November 11, 1999.



, Chairman

ATTEST:



, Secretary

AMENDMENT TO WATER PURCHASE AGREEMENT

This Amendment of the Water Purchase Contract by and between the parties hereto dated July 28, 1986, entered into on the day and year set forth hereinbelow, by and between the City of Warsaw, Kentucky, Seller, party of the first part, and the Gallatin County Water District, Buyer, party of the second part.

WITNESSETH: That for and in consideration of the agreements, promises and undertakings herein contained, the parties agree as follows:

1. Section A(1) of the Water Purchase Contract dated July 28, 1986, by and between these parties shall be amended to provide that the maximum allowable quantity of water purchased from Seller by Buyer per month shall be twelve million (12,000,000) gallons.
2. Section C(1) of the subject contract shall be amended to provide that the term of the contract shall extend for a term expiring January 1, 2045.
3. For and during the period commencing herewith and expiring January 1, 2002, the rate charged to Buyer shall be One Dollar and five cents (\$1.05) per thousand gallons purchased and Buyer shall purchase from Seller, per month, a minimum of five million (5,000,000) gallons. From and after January 1, 2002, the forgoing rate and purchase requirement provisions shall be subject to review, adjustment and revision in accordance with agreement of the parties, or orders of a court or regulatory agency of competent jurisdiction, as the case may be. In the absence of adjustment or revision of the foregoing terms as aforesaid, the same shall continue in full force and effect.
4. In all other respects not inconsistent herewith, the terms and provisions of said Water Purchase Contract dated July 28, 1986 shall remain in full force and effect.

In Witness Whereof, the parties hereto, acting through their duly authorized offices and undue authority of their respective governing bodies, have caused this agreement to be executed this 8 day of November, 1999.

SELLER:

City of Warsaw, Ky.

By: E. R. Wood

E. R. Wood

Title: Mayor

ATTEST:

Barbara Baker
City Clerk

BUYER:

Gallatin County Water District

By: Denny French

Denny French

Title: Chairman

ATTEST:

Dee L. Burge
Secretary



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

November 8, 1999

Barbara Baker
Clerk/Treasurer
City of Warsaw
101 West Market Street
P. O. Box 785
Warsaw, KY. 41095 0785

Glenn Martin
Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY. 41095

Honorable Stephen P. Huddleston
Attorney for Gallatin County W.D.
Huddleston & Huddleston
309 West Main Street
P.O. Box 807
Warsaw, KY. 41095

RE: Case No. 99-131

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 99-131
WARSAW, KENTUCKY)

ORDER

On October 13, 1999, the Commission directed the city of Warsaw, Kentucky ("Warsaw") to show cause why, as a result of Warsaw's failure to comply with the Commission's Orders of August 6, 1999 and September 3, 1999, this proceeding should not be dismissed and Warsaw's proposed wholesale rate adjustment be denied. In its response to our Order, Warsaw has advised that it has been engaged in negotiations with Gallatin County Water District ("Gallatin District") and that the parties have reached a tentative agreement. Warsaw further requests that the Commission grant "another continuance . . . for the parties to finalize their settlement."

While settlement negotiations are an integral part of many rate adjustment proceedings, such negotiations should not interfere with the orderly administration of those proceedings. In this proceeding, Warsaw has yet to file any documentary evidence to support its proposed rate adjustment or meet the minimal filing requirements imposed by the Commission's Order of August 6, 1999. It filed its proposed rate adjustment with the Commission more than 6 months ago. Given the limited time remaining before an order must be rendered in this proceeding, see KRS 278.190(3), the Commission cannot adequately review Warsaw's proposed rates should settlement negotiations fail.

While the Commission will grant the requested continuance, we place Warsaw and all other municipal utilities on notice that settlement negotiations will no longer be reviewed as an acceptable grounds for disturbing the discovery and hearing process. Municipal utilities should conduct their negotiations either prior to the filing of their proposed rate adjustments or concurrent with the discovery process before the Commission. While the Commission continues to encourage amicable settlement of rate disputes between municipal and public utilities, we cannot allow the orderly administration of the Commission's statutory duties to be held hostage to the parties' lackadaisical approach to negotiation. In this regard, we intend to hold municipal utilities to the same standard imposed upon public utilities.

IT IS THEREFORE ORDERED that:

1. Warsaw's Motion for Continuance is granted.
2. Within 20 days of the date of this Order, Warsaw shall file with the Commission its settlement agreement with Gallatin District.
3. If Warsaw fails to file with the Commission its settlement agreement with Gallatin District within 20 days of the date of this Order, this proceeding shall be closed and Warsaw's proposed wholesale rate adjustment shall be denied.
4. No further Order shall be necessary to implement Ordering Paragraph 3.

Done at Frankfort, Kentucky, this 8th day of November, 1999.

By the Commission

ATTEST:


Executive Director

COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION
CASE NO. 99-131

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OCT 20 1999

PUBLIC SERVICE
COMMISSION

IN THE MATTER OF:

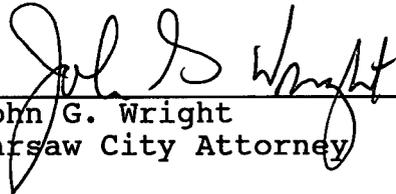
PROPOSED ADJUSTMENT OF THE WHOLESALE
WATER SERVICE RATES OF THE CITY OF
WARSAW, KENTUCKY

RESPONSE AND MOTION FOR CONTINUANCE

Comes now the City of Warsaw, Kentucky in response to an Order for the City of Warsaw to show cause why the above referenced rate case should not be dismissed for failure of the City to comply with the Commissioner's orders of August 6, 1999 and September 3, 1999. Engaged in settlement discussions, the City of Warsaw requested the continuance it received by the order of September 3, 1999. The City of Warsaw and the Gallatin County Water District have continued settlement discussions. Attached is a letter received from Gallatin County Attorney Stephen P. Huddleston outlining the settlement that the parties have tentatively reached.

Therefore the City of Warsaw respectfully requests that the case not be dismissed and that another continuance be granted for the parties to finalize their settlement.

Respectfully submitted,



John G. Wright
Warsaw City Attorney

Copy: Hon. Stephen P. Huddleston

Huddleston & Huddleston
Attorneys At Law

RECEIVED



Stephen P. Huddleston
Rhonda W. Huddleston

OCT 20 1999

Ofc: (606) 567-2818
Fax: (606) 567-2404

PUBLIC SERVICE
COMMISSION

October 14, 1999

Hon. John G. Wright
P.O. Box 966
Warsaw, Kentucky 41095

RE: City of Warsaw/
GCWD Rate Case

Dear Mr. Wright:

Receipt of your letter of October 12, 1999, outlining the settlement proposal of the City of Warsaw is acknowledged, and the same was discussed by the water district Board at its regular meeting on October 14, 1999.

The four points enumerated in your letter are acceptable to the water district, provided that additionally the term of the parties' water supply agreement is extended to the date forty-five (45) year following the date this contemplated revision is consummated.

In short, the District agrees to accept the City's proposal if the contract can be extended to a term of 45 years. This extension is desirable to the District because its lender, Rural Development, prefers to have a water supply contract in place extending through the term of any new bond issue done to finance expansion before approving same.

Please respond in due course.

Very truly yours,


Stephen P. Huddleston

SPH/cf

cc: Gallatin County Water District
P.O. Box 159
Warsaw, Kentucky 41095



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

October 12, 1999

Barbara Baker
Clerk/Treasurer
City of Warsaw
101 West Market Street
P. O. Box 785
Warsaw, KY. 41095 0785

Glenn Martin
Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY. 41095

Honorable Stephen P. Huddleston
Attorney for Gallatin County W.D.
Huddleston & Huddleston
309 West Main Street
P.O. Box 807
Warsaw, KY. 41095

RE: Case No. 99-131

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 99-131
WARSAW, KENTUCKY)

ORDER

On August 6, 1999, the Commission directed the city of Warsaw, Kentucky ("Warsaw") to file within 21 days certain information in support of its proposed wholesale rate adjustment. On September 3, 1999, the Commission, upon Warsaw's request, extended the time for submission of this information until September 27, 1999. As of the date of this Order, Warsaw has not filed the requested information.

The Commission, on its own motion, HEREBY ORDERS that Warsaw show cause in writing within 10 days of the date of this Order why as a result of its failure to comply with the Commission's Orders of August 6, 1999 and September 3, 1999, this proceeding should not be dismissed and Warsaw's proposed wholesale rate adjustment be denied.

Done at Frankfort, Kentucky, this 12th day of October, 1999.

By the Commission

ATTEST:


Executive Director



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

September 3, 1999

Barbara Baker
Clerk/Treasurer
City of Warsaw
101 West Market Street
P. O. Box 785
Warsaw, KY. 41095 0785

Glenn Martin
Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY. 41095

Honorable Stephen P. Huddleston
Attorney for Gallatin County W.D.
Huddleston & Huddleston
309 West Main Street
P.O. Box 807
Warsaw, KY. 41095

RE: Case No. 99-131

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOELSALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 99-131
WARSAW, KENTUCKY)

ORDER

The City of Warsaw, Kentucky ("Warsaw") has moved for an additional 30 days to respond to the Commission's Order of August 6, 1999. In support of its motion, Warsaw states that it is in settlement discussions with Gallatin County Water District and that it has only recently retained an engineering consultant to review its cost of providing service. It further states that an extension of time will increase the likelihood of a settlement between the parties.

Having considered the motion, the Commission finds that the extension should be granted. We further find that the procedural schedule set forth in our Order of August 6, 1999 should be modified to reflect the extension of time.

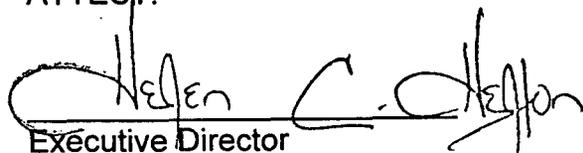
IT IS THEREFORE ORDERED that:

1. Warsaw's Motion for Extension of Time is granted.
2. Warsaw shall file no later than September 27, 1999 with the Commission the original and 6 copies of the information listed in Appendix B of the Order of August 6, 1999.
3. The procedural schedule set forth in the Order of August 6, 1999 is modified to reflect the schedule set forth in Appendix A to this Order.

Done at Frankfort, Kentucky, this 3rd day of September, 1999.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-131 DATED 9/3/99

All requests for information to Warsaw shall be served
upon Warsaw no later than..... 10/08/1999

Warsaw shall file with the Commission and serve upon all parties
of record its responses to the requests for information no later than 10/18/1999

All supplemental requests for information shall be
served upon Warsaw no later than 10/28/1999

Warsaw shall file with the Commission and serve upon all parties
of record its responses to supplemental requests for information
no later than..... 11/08/1999

Intervenor testimony, if any, shall be filed with the Commission
and served upon all parties of record in verified prepared form
no later than..... 11/18/1999

All requests for information to
Intervenors shall be served no later than..... 11/29/1999

Intervenors shall file with the Commission and serve upon all parties
of record its responses to requests for information no later than 12/09/1999

Public Hearing is to begin at 9:30 a.m., Eastern
Time, in Hearing Room 2 of the Commission's offices at
677 Comanche Trail, Frankfort, Kentucky,
for the purpose of cross-examination of witnesses 12/15/1999

RECEIVED
AUG 27 1999
PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY

BEFORE THE PUBLIC SERVICE COMMISSION

IN THE MATTER OF:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 99-131
WARSAW, KENTUCKY)

MOTION FOR EXTENSION OF TIME

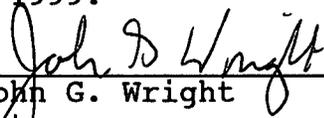
Comes now the City of Warsaw, Kentucky and pursuant to the Order dated August 6, 1999, paragraph 5, and respectfully requests the Commission to grant the City an additional 30 days to respond to paragraph 9 of that order whereby the City is required to file with the Commission the information outlined in Appendix B of the August 6, 1999 order.

Grounds for such request are as follows:

- 1) On Monday August 23, 1999 representatives from the Gallatin Water District and from the City of Warsaw, Kentucky met to discuss this matter. At that meeting Gallatin County Attorney Stephen P. Huddleston provide the City with a copy of the Gallatin Water District's Engineer's cost analysis. This cost analysis disagrees with the figures of the City and the City needs the opportunity to verify the analysis of the Water District's engineer.
- 2) The City has hired PDR Engineers of Louisville, Kentucky to review the numbers. It will take these engineers several weeks to make these comparisons.
- 3) The City wants to take every step possible to reach an agreement with the Water District. The City believes this continuance will relieve time pressures and allow the engineers for both sides to develop a consensus on the actual cost figures and

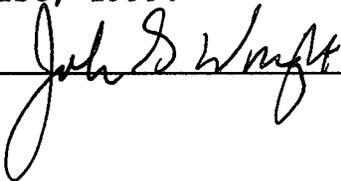
move closer to an agreeable figure.

Signed this 17th day of August, 1999.



John G. Wright
Attorney
CITY OF WARSAW

I hereby certify that a copy of the forgoing motion was hand delivered to the Honorable Stephen P. Huddleston, West Main Street, Warsaw, Kentucky this 26th day of August, 1999.



Copy to:
Mayor Wood



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

August 6, 1999

Barbara Baker
Clerk/Treasurer
City of Warsaw
101 West Market Street
P. O. Box 785
Warsaw, KY. 41095 0785

Glenn Martin
Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY. 41095

Honorable Stephen P. Huddleston
Attorney for Gallatin County W.D.
Huddleston & Huddleston
309 West Main Street
P.O. Box 807
Warsaw, KY. 41095

RE: Case No. 99-131

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 99-131
WARSAW, KENTUCKY)

ORDER

The Commission, on its own motion, HEREBY ORDERS that:

1. Ordering Paragraph 2 of the Commission's Order of April 15, 1999, is hereby vacated.
2. The procedural schedule set forth in the Appendix A to this Order shall be followed.
3. All requests for information and responses thereto shall be appropriately indexed. All responses shall include the name of the witness who will be responsible for responding to the questions related to the information provided, with copies to all parties of record and 6 copies to the Commission.
4. At any hearing in this matter, neither opening statements nor summarization of direct testimony shall be permitted.
5. Motions for extensions of time with respect to the schedule herein shall be made in writing and will be granted only upon a showing of good cause.
6. All documents that this Order requires to be filed with the Commission shall be served upon the opposing party.

7. To be timely filed with the Commission, a document must be received by the Secretary of the Commission within the specified time for filing except that any document shall be deemed timely filed if it has been transmitted by United States express mail, or by other recognized mail carriers, with the date of the transmitting agency received said document from the sender noted by the transmitting agency on the outside of the container used for transmitting, within the time allowed for filing.

8. Service of any document or pleading shall be made in accordance with Administrative Regulation 807 KAR 5:001, Section 3(7), and Kentucky Civil Rule 5.02.

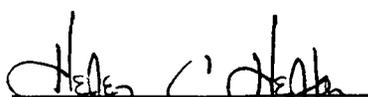
9. Within 21 days of the date of this Order, Warsaw shall file with the Commission the original and 6 copies of the information listed in Appendix B, with a copy to all parties of record. Each copy of the requested information shall be placed in a bound volume with each item tabbed. When a number of sheets are required for an item, each sheet should be appropriately indexed, for example, Item 1(a), Sheet 2 of 6. Warsaw shall include with each response the name of the witness who will be responsible for responding to questions relating to the information provided. Careful attention should be given to copied material to ensure its legibility.

10. Nothing contained herein shall prevent the Commission from entering further Orders in this matter.

Done at Frankfort, Kentucky, this 6th day of August, 1999.

By the Commission

ATTEST:


Executive Director

APPENDIX A

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-131 DATED AUGUST 6, 1999

All requests for information to Warsaw shall be served
upon Warsaw no later than..... 09/03/99

Warsaw shall file with the Commission and serve upon all parties
of record its responses to the requests for information no later than 09/13/99

All supplemental requests for information shall be
served upon Warsaw no later than 09/23/99

Warsaw shall file with the Commission and serve upon all parties
of record its responses to supplemental requests for information
no later than..... 10/04/99

Any second set of supplemental requests for information
shall be served upon Warsaw no later than..... 10/14/99

Warsaw shall file with the Commission and serve upon all parties
of record its responses to all supplemental requests for information
no later than..... 10/25/99

Intervenor testimony, if any, shall be filed with the Commission
and served upon all parties of record in verified prepared form
no later than..... 11/03/99

All requests for information to
Intervenors shall be served no later than..... 11/15/99

Intervenors shall file with the Commission and serve upon all parties
of record their responses to requests for information no later than..... 11/29/99

Public Hearing is to begin at 9:30 a.m., Eastern Standard
Time, in Hearing Room 1 of the Commission's
offices at 730 Schenkel Lane, Frankfort, Kentucky,
for the purpose of cross-examination of witnesses..... 12/08/99

APPENDIX B

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE
COMMISSION IN CASE NO. 99-131 DATED AUGUST 6, 1999

1. Provide in written verified form the direct testimony of each witness that Warsaw intends to call at the scheduled hearing in this matter.
2. Provide the independent auditor's report for Warsaw's water and sewer operations for the fiscal year ended June 30, 1998.
3. Provide the general ledgers for Warsaw's water and sewer operations for the fiscal year ended June 30, 1998. These general ledgers shall include all check registers and spreadsheets used to record and track financial transactions.
4. For each outstanding revenue bond issuance related to Warsaw's water and sewer operations:
 - a. Provide the bond ordinance or resolutions authorizing the issuance of revenue bonds.
 - b. Provide an amortization schedule.
 - c. Provide a detailed explanation of why the debt was incurred.
5. List all persons on Warsaw's payroll during the fiscal year ended June 30, 1998. For each employee, state his or her job duties, total wages paid during the fiscal year, current salary or wage rate, and the percentage of work hours spent performing duties for each city division (e.g., water, sewer, police department, public works) during the fiscal year. If Warsaw's records do not permit the allocation of an employee's work hours among city divisions, provide an estimate for each employee and explain how Warsaw derived the estimate.

6. For each employee listed in Item 4, describe how Warsaw allocated his or her payroll and payroll overhead charges to each city division for the fiscal year ended June 30, 1998. This response shall include a detailed explanation of all allocation procedures. Payroll overhead charges include payroll taxes, health insurance premiums, pension costs, and any other employee benefit costs.

7. a. List all joint or shared costs that Warsaw incurred during the fiscal year ended June 30, 1998. For each cost, list the vendor, total expense amount, amounts allocated per division, and the basis for allocation.

b. Describe the procedures to allocate joint and shared costs among Warsaw's divisions for the fiscal year ended June 30, 1998.

c. Provide all internal memorandum, policy statements, correspondence and documents related to the allocation of joint and shared costs.

8. Provide detailed depreciation schedules for the water and sewer divisions. A separate schedule shall be provided for each division.

9. Provide an adjusted trial balance and audit adjustments for the fiscal year ended June 30, 1998. The trial balance shall be traced and referenced directly to the general ledger requested in Item 2.

10. Provide the "Enterprise Funds Uniform Financial Information Report" that Warsaw submitted to the Kentucky Department of Local Government for the fiscal year ended June 30, 1998.

11. a. Complete the table below:

Water Main Size	Total Miles Of Line	Miles Of Lines Jointly Used By Both The City & District
16"		
14"		
12"		
10"		
8"		
6"		
4"		
2"		

b. Who paid for the water main(s) that Warsaw uses to deliver water to Gallatin County Water District ("Gallatin District")?

c. Besides Gallatin District, what other customers, if any, does Warsaw serve from the water mains that it uses to deliver water to Gallatin District?

d. For each customer listed in response to Item 11(c), provide his or her monthly water usage for each of the previous 24 months.

12. a. What is the maximum capacity of Warsaw's water treatment plant?

b. (1) How much of Warsaw's total water treatment plant capacity is currently reserved for Gallatin District?

(2) What changes, if any, does Warsaw expect within the next three years in the level of water treatment capacity reserved for Gallatin District? Why does Warsaw expect these changes?

13. a. Who owns the master meter(s) through which Warsaw provides water to Gallatin District?

b. Warsaw provides water service to Gallatin District through how many master meters?

c. Who is responsible for maintaining these master meters?

14. Provide a system map showing all Warsaw facilities that are used to serve Gallatin District.

15. What portion, if any, of Warsaw's water main(s) that serve Gallatin District are gravity fed?

16. What is Warsaw's current rate for water service to Gallatin District?

17. What is Warsaw's proposed rate for water service to the District?

18. For each month of the previous 24 months, state Warsaw's monthly water sales (in gallons) sales to Gallatin District.

19. a. When did Warsaw begin selling water to Gallatin District?

b. Who was responsible for developing the rate for water service that Warsaw charged Gallatin District when it first provided water service?

c. How did Warsaw determine its initial rate for water service to Gallatin District?

20. a. When did Warsaw first prepare or commission a cost-of-service study to determine the appropriate rate for its water service to Gallatin District?

b. (1) Who prepared this study?

(2) Provide the preparer's curriculum vitae.

(3) List all cases before the Commission in which the preparer has submitted a cost-of-service study.

(4) List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

c. Provide a copy of this study.

21. a. Has Warsaw subsequently prepared or commissioned a cost-of-service study to determine the appropriate rate for its water service to Gallatin District?

b. For each subsequent study:

(1) Who prepared this study?

(2) Provide the preparer's curriculum vitae.

(3) List all cases before the Commission in which the preparer has submitted a cost-of-service study.

(4) List all utilities (municipal or public) for which the preparer has prepared a cost-of-service study. For each utility, identify the type of utility service (water or sewer) for which the report was prepared.

(5) Provide a copy of the cost-of-service study.

22. What types of water service (e.g., service to municipal buildings, fire protection, etc.) are included in the unmetered amount? For each type of service, estimate the percentage of the total unmetered amount.

23. Complete the table below:

City of Warsaw	Gallons for 1998
Plant Use	
Line Loss (Unaccounted for)	
Sales to Retail	
Sales to Gallatin District	
Total Produced and Purchased	
Total Sold	

Huddleston & Huddleston

Attorneys At Law



Stephen P. Huddleston
Rhonda W. Huddleston

Ofc: (606) 567-2818
Fax: (606) 567-2404

June 10, 1999

RECEIVED
JUN 14 1999
PUBLIC SERVICE
COMMISSION

Hon. Helen Helton, Exec. Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 99-131

Dear Ms. Helton:

This is to request that the attached letter and certified copy of a Resolution which are self-explanatory, be filed as part of the record of the above-reference action.

If possible, please return a copy of same to me bearing your filed-stamp in the enclosed SASE.

Thank you.

Very truly yours,

A handwritten signature in cursive script, appearing to read "Stephen P. Huddleston".

Stephen P. Huddleston
Attorney for
Gallatin County Water District

SPH/cf

Enclosure



Stephen P. Huddleston
Rhonda W. Huddleston

Ofc: (606) 567-2818
Fax: (606) 567-2404

June 10, 1999

Hon. E. R. Wood, Mayor
City of Warsaw
P.O. Box 785
Warsaw, KY 41095

RE: City of Warsaw Water Rate
Increase Application (PSC, case
No. 99-131)

Dear Mayor Wood:

Please find enclosed a copy of the Resolution adopted by the Board of Commissioners of the Gallatin County Water District on June 10, 1999.

In an attempt to avoid the costs and uncertainties of litigation before the PSC, the Commissioners have authorized me and Bill Babington to negotiate with the City in an attempt to reach an amicable, fair and equitable resolution of the issue.

Before we can undertake negotiation, we must be provided copies of the City's rate increase documentation and all supporting data and material. We are entitled to receive this and indeed requested same by letter dated April 27, 1999. We have yet to receive any information. We cannot evaluate your position nor our position relative thereto without such information. Therefore we cannot presently negotiate except from a position of ignorance which we decline to do.

Please respond in due course.

Very truly yours,


Stephen P. Huddleston

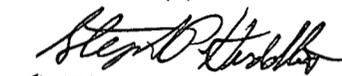
SPH/cf

Enclosure

CC: Glenn Martin, Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY 41095

Hon. Helen Helton, Executive Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602

This is to certify that the original of the foregoing letter and a true copy of the Resolution referred to therein were mailed to Hon. E.R. Wood, Mayor, at the above stated address, by first class mail, postage prepaid, this 10th day of June, 1999.


ATTN: For G.C.W.D.
P.O. Box 807
Warsaw, Ky. 41095
606-567-2818

GALLATIN COUNTY WATER DISTRICT
RESOLUTION NO. 06-10-99

A RESOLUTION RELATED TO NEGOTIATIONS WITH THE CITY OF WARSAW FOR THE PURPOSE OF RESOLVING AND SETTLING THE ISSUE OF THE CITY OF WARSAW'S PROPOSED RATE INCREASE NOW PENDING WITH THE PUBLIC SERVICE COMMISSION, AND AUTHORIZING SAME UPON CERTAIN CONDITIONS

Be it resolved by the Commissioners of the Gallatin County Water District, as follows:

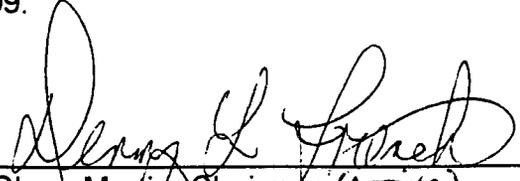
Whereas there is now pending with the Public Service Commission (Case No. 99-131), the application of the City of Warsaw to increase its wholesale water rates charged to this District by an amount equalling 50% of the current rate, and

Whereas, this Board deems it in the best interest of the District and its users to attempt to settle the abovementioned matter by good faith negotiation, thereby avoiding costs of litigation and reducing to certainty future contingent rate increases, and

Whereas, this Board is without information of any kind as to the specific facts underlying the premise upon which the proposed rate increase is based, and deems it necessary to its ability to bargain in good faith that it know the basis and supporting facts of the case against it,

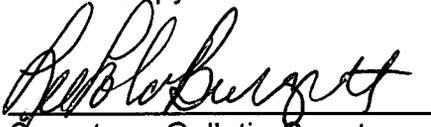
Now Therefore, Bill Babington, engineer for the District, and Stephen P. Huddleston, attorney for the District, are hereby authorized, upon prior receipt of the application and supporting documents and information filed by the City of Warsaw with the Public Service Commission, to negotiate in good faith with said City on behalf of this District, toward the end of reaching a lawful and mutually acceptable resolution of the issue fair and equitable to both parties, subject to the prior approval of this Board.

Adopted this 10th day of June, 1999.



DENNY
FRENCH
Glenn Martin, Chairman (ACTING)
Gallatin County Water District

A True Copy: ATTEST



Secretary, Gallatin County
Water District



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

June 16, 1999

Barbara Baker
Clerk/Treasurer
City of Warsaw
101 West Market Street
P. O. Box 785
Warsaw, KY. 41095 0785

Glenn Martin
Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY. 41095

Honorable Stephen P. Huddleston
Attorney for Gallatin County W.D.
Huddleston & Huddleston
309 West Main Street
P.O. Box 807
Warsaw, KY. 41095

RE: Case No. 99-131

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,
Stephanie Bell

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE WHOLESALE)
WATER SERVICE RATES OF THE CITY OF) CASE NO. 99-131
WARSAW, KENTUCKY)

O R D E R

The Commission on its own motion HEREBY ORDERS that an informal conference be held on June 23, 1999 at 10:00 a.m., Eastern Daylight Time, in Conference Room 1 of the Commission's offices at 730 Schenkel Lane, Frankfort, Kentucky to discuss a procedural schedule, the city of Warsaw's compliance with the Commission's Order of April 15, 1999, and any other matters that may aid in the disposition of this proceeding.

Done at Frankfort, Kentucky, this 16th day of June, 1999.

By the Commission

ATTEST:


Executive Director

E. RICHARD WOOD
Mayor

BARBARA BAKER
Clerk/Treasurer



Established as Fredericksburg, 1815

May 20, 1999

Post Office Box 785
101 West Market Street
Warsaw, Kentucky 41095-0785

606-567-5900
Fax 606-567-5931

Helen Helton
Public Service Company
730 Schenkle Lane
Post Office Box 615
Frankfort, Kentucky 40602

RECEIVED

MAY 24 1999

PUBLIC SERVICE
COMMISSION

Re : Case No. 99-131

Dear Ms. Helton,

I would like to request the Public Service Commission to assist The City of Warsaw in preparing an answer in the above referenced case.

Thank you for your help and I look forward to meeting your staff.

Sincerely,

Richard Wood
Richard Wood
Mayor

cc: Steve Huddleston
Gallatin Water District



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

May 20, 1999

Barbara Baker
Clerk/Treasurer
City of Warsaw
101 West Market Street
P. O. Box 785
Warsaw, KY. 41095 0785

Glenn Martin
Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY. 41095

Honorable Stephen P. Huddleston
Attorney for Gallatin County W.D.
Huddleston & Huddleston
309 West Main Street
P.O. Box 807
Warsaw, KY. 41095

RE: Case No. 99-131

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/hv
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)
WHOLESALE WATER SERVICE RATES) CASE NO. 99-131
OF THE CITY OF WARSAW, KENTUCKY)

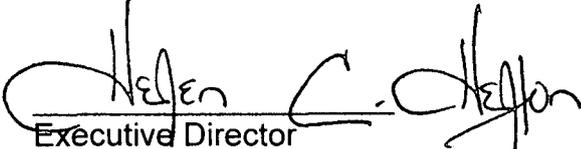
O R D E R

The city of Warsaw having moved for an extension of time until May 28, 1999 in which to respond to the Commission's April 15, 1999 Order and the Commission finding good cause, IT IS HEREBY ORDERED that the motion is granted.

Done at Frankfort, Kentucky, this 20th day of May, 1999.

By the Commission

ATTEST:


Executive Director

E. RICHARD WOOD
Mayor

BARBARA BAKER
Clerk/Treasurer



Established as Fredericksburg, 1815

Post Office Box 785
101 West Market Street
Warsaw, Kentucky 41095-0785

606-567-5900
Fax 606-567-5931

May 13, 1999

Helen Helton
Public Service Commission
730 Schenkel Lane
Post Office Box 615
Frankfort, Kentucky 40602

RE: Case No. 99-131

Dear Ms. Helton,

I request an extension of time in which to submit information required by Administrative Regulation 807 KAR 5.001, Section 10.

In the May 10, 1999 City Council meeting it was decided to seek information on the cost of drilling a new water well. This proposed well will greatly effect the information I will be sending you.

I request an extension of time until May 28, 1999.

Sincerely,

E. R. Wood
Mayor, City of Warsaw

Cc: Gallatin County Water District
Steve Huddleston, Attorney

RECEIVED
MAY 17 1999
PUBLIC SERVICE
COMMISSION

Huddleston & Huddleston

Attorneys At Law



Stephen P. Huddleston
Rhonda W. Huddleston

Ofc: (606) 567-2818
Fax: (606) 567-2404

RECEIVED

May 7, 1999

MAY 10 1999

PUBLIC SERVICE
COMMISSION

Hon. Helen Helton, Exec. Director
Public Service Commission
P.O. Box 615
Frankfort, KY 40602-0615

RE: Case No. 99-131

Dear Ms. Helton:

This is to request that the attached letter, which is self-explanatory, be filed as part of the record of the above-reference action.

If possible, please return a copy of same to me bearing you filed-stamp in the enclosed SASE.

Thank you.

Very truly yours,

A handwritten signature in cursive script that reads "Stephen P. Huddleston".

Stephen P. Huddleston
Attorney for
Gallatin County Water District

SPH/cf

Enclosure



Stephen P. Huddleston
Rhonda W. Huddleston

Ofc: (606) 567-2818
Fax: (606) 567-2404

RECEIVED

April 27, 1999

MAY 10 1999

PUBLIC SERVICE
COMMISSION

Hon. Barbara Baker, Clerk
City of Warsaw
P.O. Box 785
Warsaw, KY 41095

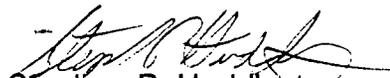
RE: Proposed adjustment of
Water rates by City of
Warsaw
Public Service Commission
Case No. 99-131

Dear Barbara:

Pursuant to 807 KAR 5.001 and the order of the Public Service Commission making the Gallatin County Water District a party to the above-referenced action, dated April 15, 1999, please provide to me copies of the subject rate application and any other filings made by the City of Warsaw with the Public Service Commission.

In order to avoid mailing expense I will pick up the requested material from your office if you'll let me know when its ready.

Very truly yours,


Stephen P. Huddleston

SPH/cf

CC: Gallatin County Water District
P.O. Box 159
Warsaw, Kentucky 41095

This is to certify that the original of the above letter was mailed to Barbara Baker, Clerk of the City of Warsaw, by first class mail, postage pre-paid, on April 27, 1999.



COMMONWEALTH OF KENTUCKY
PUBLIC SERVICE COMMISSION

730 SCHENKEL LANE
POST OFFICE BOX 615
FRANKFORT, KY. 40602
(502) 564-3940

April 15, 1999

Barbara Baker
Clerk/Treasurer
City of Warsaw
101 West Market Street
P. O. Box 785
Warsaw, KY. 41095 0785

Glenn Martin
Chairman
Gallatin County Water District
P.O. Box 159
Warsaw, KY. 41095

RE: Case No. 99-131

We enclose one attested copy of the Commission's Order in
the above case.

Sincerely,

A handwritten signature in cursive script that reads "Stephanie Bell".

Stephanie Bell
Secretary of the Commission

SB/sa
Enclosure

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

PROPOSED ADJUSTMENT OF THE)
WHOLESALE WATER SERVICE RATES OF) CASE NO. 99-131
THE CITY OF WARSAW, KENTUCKY)

O R D E R

The city of Warsaw, Kentucky ("Warsaw") has proposed to adjust its existing rate for wholesale water service to Gallatin County Water District ("Gallatin District"). Warsaw proposes that these revisions become effective on and after May 1, 1999. Gallatin District has requested that the Commission suspend and investigate the proposed rate adjustment and has further moved to intervene in any Commission investigation of the proposed rate adjustment.

Having considered the proposed rate adjustment and being otherwise sufficiently advised, the Commission finds that, pursuant to KRS 278.190, further proceedings are necessary to determine the reasonableness of the proposed rate.

The Commission further finds that Gallatin District has a special interest in this proceeding which is not otherwise adequately represented and that its intervention is likely to present issues or to develop facts that assist the Commission in fully considering the matter without unduly complicating or disrupting this proceeding.

IT IS THEREFORE ORDERED that:

1. Warsaw's proposed rates are suspended for five months from May 1, 1999 up to and including September 30, 1999.

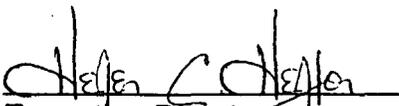
2. Within 30 days of the date of this Order, Warsaw shall submit the information required by Administrative Regulation 807 KAR 5:001, Section 10. To the extent that Warsaw considers any of the requirements of this regulation to be onerous or inapplicable, it may petition for a deviation from them.

3. Gallatin District is made a party to this proceeding. Any party filing testimony, exhibits, pleadings, correspondence or any other documents with the Commission shall serve a copy of such documents on Gallatin District.

Done at Frankfort, Kentucky, this 15th day of April, 1999.

By the Commission

ATTEST:


Executive Director

Huddleston & Huddleston

Attorneys At Law

PUBLIC SERVICE
COMMISSION



APR 03 1999

RECEIVED

Stephen P. Huddleston
Rhonda W. Huddleston

Ofc: (606) 567-2818
Fax: (606) 567-2404

March 31, 1999

Hon. Helen Helton, Executive Director
Public Service Commission
P. O. Box 615
Frankfort, Ky. 40602-0615

RE: City of Warsaw *CASE 99-131*
Application to raise rates payable by the
Gallatin County Water District

Dear Ms. Helton:

Please accept, file and process the enclosed responsive pleading of the Gallatin County Water District relative to the above-referenced matter. I am unaware of the case number or exact style of the application. If any part of the enclosed is deficient for technical or procedural reasons, please advise.

Very truly yours,

Stephen P. Huddleston
Stephen P. Huddleston
Gallatin Co. P.T.T.
P.T.T. For Gallatin Co. Water Dist.

SPH:jld

Cc: Gallatin County Water District
P. O. Box 159
Warsaw, Ky. 41095

BEFORE THE PUBLIC SERVICE)
COMMISSION)
)
)
)
IN THE MATTER OF THE APPLICATION)
OF THE CITY OF WARSAW, KY. FOR AN)
ORDER AUTHORIZING IT TO INCREASE)
WATER RATES PAYABLE BY THE)
GALLATIN COUNTY WATER DISTRICT)

NO. 99-131

RECEIVED
APR 05 1999
PUBLIC SERVICE
COMMISSION

MOTION FOR LEAVE TO
INTERVENE AS A PARTY, FOR
FULL INREVENTION, TO SUSPEND
RATE AND INVESTIGATE MERITS

Comes now the Gallatin County Water District, by counsel, pursuant to KRS 278.190 and 807 KAR 5:001, and moves the Public Service Commission, as follows:

1. The movant is the Gallatin County Water District, a duly formed special district organized under KRS Chapter 74. Its address is:

Gallatin County Water District
Glenn Martin, Chairman
P.O. Box 159
Warsaw, KY 41095

Its telephone number is 606-567-2268. Movant is represented by the undersigned legal counsel whose name, address and phone number appears hereinbelow.

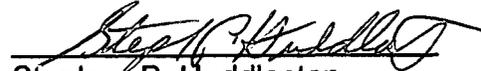
Movant seeks full intervention as a party to the above-styled matter, pursuant to 807 KAR, Section 3(8), on the grounds that Movant is directly and materially interested in the subject matter of this cause, in that the applicant seeks to increase Movant's rates payable by 50%.

2. Movant prays that this pleading be deemed a request for full intervention and certification as a party hereto for purposes of receiving service of pleadings, petitions,

correspondence and all other documents set forth at 807 KAR 5:001, Section 3(8), and that an Order granting same be issued on the grounds that Movant is materially and substantially interested in the matter at hand, as stated above.

3. Pursuant to KRS 278.190, and any other pertinent statute, rule or regulation, Movant moves for an Order suspending the rate requested by the Applicant to the extent allowed by law.

4. Movant moves the Public Service Commission to initiate an investigation of the merits of Applicant's proposed rate increase.



Stephen P. Huddleston
Gallatin County Attorney
Attorney for Gallatin County Water District
P.O. Box 807
Warsaw, Kentucky 41095
(606) 567-2818

NOTICE

Please take notice that the foregoing motion will come before the Public Service Commission, Frankfort, Kentucky, at its convenience.

CERTIFICATION

This is to certify that the foregoing was served by mailing a true copy of same by first class mail, postage prepaid to Barbara Baker, Clerk, City of Warsaw, P.O. Box 785, Warsaw, Kentucky 41095, this the 15th day of April, 1999.



C60-357

E. RICHARD WOOD
Mayor

BARBARA BAKER
Clerk/Treasurer



Established as Fredericksburg, 1815

Post Office Box 785
101 West Market Street
Warsaw, Kentucky 41095-0785

606-567-5900
Fax 606-567-5931

March 17, 1999

Case No. 99-131

Carryn Lee
Public Service Commission
730 Schenkle Lane
Post Office Box 615
Frankfort, Kentucky 40602

Re: Proposed Rate Increase
by the City of Warsaw
to the Gallatin County
Water District

Dear Ms. Lee:

08806700

Enclosed please find a copy of the notice to the Gallatin
County Water District concerning the above referenced
rate increase,

Also, the form for filing for the rate increase.

I would appreciate it very much if you would advise me
of anything I need to do in ths matter.

Barbara Baker
Clerk/Treasurer
City of Warsaw

RECEIVED
MAR 22 1999
PSC
FINANCIAL ANALYSIS

NOTICE

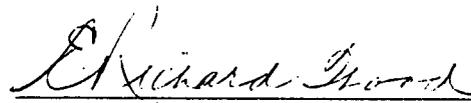
THE CITY OF WARSAW HAS FILED A PROPOSED RATE SCHEDULE WHICH WILL INCREASE BY 50 PERCENT THE RATE WHICH IT CURRENTLY CHARGES TO THE GALLATIN COUNTY WATER DISTRICT FOR WATER SERVICE. THE CITY OF WARSAW CURRENTLY CHARGES THE GALLATIN COUNTY WATER DISTRICT \$1.00 PER THOUSAND GALLON FOR WATER SERVICE. IT PROPOSES TO CHARGE THE GALLATIN COUNTY WATER DISTRICT \$1.50 PER THOUSAND GALLON FOR WATER SERVICE EFFECTIVE MAY 1, 1999.

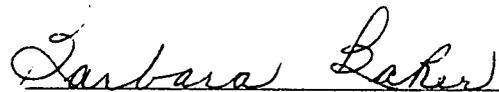
THE RATES CONTAINED IN THIS NOTICE ARE THE RATES PROPOSED BY THE CITY OF WARSAW. THE PUBLIC SERVICE COMMISSION, HOWEVER, MAY ORDER RATES TO BE CHARGED THAT DIFFER FROM THE PROPOSED RATES CONTAINED IN THIS NOTICE.

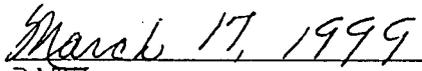
ANY CORPORATION, ASSOCIATION, OR PERSON WITH A SUBSTANTIAL INTEREST IN THE MATTER MAY, BY WRITTEN REQUEST, WITHIN THIRTY (30) DAYS AFTER PUBLICATION OR MAILING OF THIS NOTICE OF THE PROPOSED RATE CHANGES REQUEST TO INTERVENE. INTERVENTION MAY BE GRANTED BEYOND THE THIRTY (30) DAY PERIOD FOR GOOD CAUSE SHOWN

ANY PERSON WHO HAS BEEN GRANTED INTERVENTION BY THE PUBLIC SERVICE COMMISSION MAY OBTAIN COPIES OF THE RATE APPLICATION AND ANY OTHER FILINGS MADE BY THE CITY OF WARSAW BY CONTACTING BARBARA BAKER, CITY CLERK AT 101 WEST MARKET STREET, P.O. BOX 785, WARSAW KENTUCKY 41095 OR 606-567-5900.

ANY PERSON MAY EXAMINE THE CITY OF WARSAW'S RATE APPLICATION AND ANY OTHER FILINGS AT ITS MAIN OFFICE AT 101 WEST MARKET STREET OR AT THE PUBLIC SERVICE COMMISSION'S OFFICES AT 730 SCHENKEL LANE, FRANKFORT, KENTUCKY.


E. RICHARD WOOD
MAYOR


BARBARA BAKER
CITY CLERK


DATE

Form for filing Rate Schedules

For Community, Town or City

P.S.C. NO. _____

SHEET NO. _____

CANCELLING P.S.C. NO. _____

SHEET NO. _____

City of Warsaw
Name of Issuing Corporation

CLASSIFICATION OF SERVICE

	RATE PER UNIT
City of Warsaw sells water to the Gallatin Water District for :	1.00 per thousand.
City of Warsaw proposes to sell water to the Gallatin Water District for:	1.50 per thousand

DATE OF ISSUE March 17, 1999

DATE EFFECTIVE May 1, 1999

ISSUED BY E. Richard Wood
Name of Officer

TITLE Mayor

Issued by authority of an Order of the Public Service Commission of Kentucky in Case No. _____ dated _____.